

AMENDED IN SENATE JULY 2, 2013
AMENDED IN ASSEMBLY APRIL 29, 2013
AMENDED IN ASSEMBLY MARCH 19, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 692

**Introduced by Assembly Member ~~Members~~ Torres and V. Manuel
Pérez**

February 21, 2013

An act to amend Sections 50781, 50782, and 50786 of, and to add Section 50784.5 to, the Health and Safety Code, relating to mobilehomes, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 692, as amended, Torres. Mobilehomes: loans.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund, a continuously appropriated fund, to qualified mobilehome park residents, resident organizations, and nonprofit housing sponsors or local public entities to finance conversion of the parks to resident ownership and to make monthly housing costs affordable. Existing law requires the provision of specified information to the department before making loans for mobilehome park conversions.

This bill would change the name of the fund to the Mobilehome Park Rehabilitation and Park Purchase Fund and authorize the department to provide loans from the fund to ~~a qualified nonprofit housing sponsor or a local government entity to purchase and rehabilitate the owner of a mobilehome park to comply for the purpose of rehabilitating park infrastructure, including water, sewage, and electrical systems. The~~

bill would specify that the purpose of these loans would also be to bring mobilehome parks into compliance with applicable health and safety standards without converting the park to resident ownership. This The bill would require the department to consider specified criteria in determining eligibility for, and the amount of, loans made from the fund for these noneconversion purchases. The bill would also require the provision of specified information to the department before making these loans.

By authorizing a new purpose for the use of continuously appropriated funds, this bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 50781 of the Health and Safety Code is
- 2 amended to read:
- 3 50781. Unless the context otherwise requires, the following
- 4 definitions given in this section shall control construction of this
- 5 chapter:
- 6 (a) “Affordable” means that, where feasible, low-income
- 7 residents should not pay more than 30 percent of their monthly
- 8 income for housing costs.
- 9 (b) “Conversion costs” includes the cost of acquiring the
- 10 mobilehome park, the costs of planning and processing the
- 11 conversion, the costs of any needed repairs or rehabilitation, and
- 12 any expenditures required by a governmental agency or lender for
- 13 the project.
- 14 (c) “Department” means the Department of Housing and
- 15 Community Development.
- 16 (d) “Fund” means the Mobilehome Park Rehabilitation and Park
- 17 Purchase Fund created pursuant to Section 50782.
- 18 (e) “Housing costs” means the total cost of owning, occupying,
- 19 and maintaining a mobilehome and a lot or space in a mobilehome
- 20 park. The department’s regulations shall specify the factors
- 21 included in these costs and may, for the purposes of calculating
- 22 affordability, establish reasonable allowances.
- 23 (f) “Individual interest in a mobilehome park” means any interest
- 24 that is fee ownership or a lesser interest that entitles the holder to
- 25 occupy a lot or space in a mobilehome park for a period of not less

1 than either 15 years or the life of the holder. Individual interests
2 in a mobilehome park include, but are not limited to, the following:

3 (1) Ownership of a lot or space in a mobilehome park or
4 subdivision.

5 (2) A membership or shares in a stock cooperative, as defined
6 in Section 11003.2 of the Business and Professions Code, or a
7 limited equity housing cooperative, as defined in Section 33007.5
8 of this code.

9 (3) Membership in a nonprofit mutual benefit corporation that
10 owns, operates, or owns and operates the mobilehome park.

11 (g) “Low-income resident” means an individual or household
12 that is a lower income household, as defined in Section 50079.5.
13 However, personal assets shall not be considered in the calculation
14 of income, except to the extent that they actually generate income.

15 (h) “Low-income spaces” means those spaces in a mobilehome
16 park operated by a resident organization, a qualified nonprofit
17 housing sponsor, or a local public entity that are occupied by
18 low-income residents.

19 (i) “Mobilehome park” means a mobilehome park, as defined
20 in Section 18214, or a manufactured home subdivision created by
21 the conversion of a mobilehome park, as defined in Section 18214,
22 including a senior park, to resident ownership or ownership by a
23 qualified nonprofit housing sponsor or local public entity.

24 (j) “Program” means the Mobilehome Park Rehabilitation and
25 Park Resident Ownership Program.

26 (k) “Qualified nonprofit housing sponsor” means a nonprofit
27 public benefit corporation, as defined in Part 2 (commencing with
28 Section 5110) of Division 2 of the Corporations Code, that (1) has
29 received its tax-exempt status under Section 501(c)(3) of the
30 Internal Revenue Code, (2) is not affiliated with or controlled by
31 a for-profit organization or individual, (3) has extensive experience
32 with the development and operation of publicly subsidized
33 affordable housing, (4) the department determines is qualified by
34 experience and capability to own and operate a mobilehome park
35 that provides housing affordable to low-income households, and
36 (5) has formal arrangements for ensuring resident participation or
37 input in the management of the park that may include, but not be
38 limited to, membership on the board of directors. “Qualified
39 nonprofit housing sponsor” also means a limited partnership where
40 all of the general partners are nonprofit mutual or public benefit

1 corporations that meet the requirements of paragraphs (1) to (5),
2 inclusive.

3 (l) “Resident organization” means a group of mobilehome park
4 residents who have formed a nonprofit corporation, cooperative
5 corporation, or other entity or organization for the purpose of
6 acquiring the mobilehome park in which they reside and converting
7 the mobilehome park to resident ownership. The membership of
8 a resident organization shall include at least two-thirds of the
9 households residing in the mobilehome park, or in each park of a
10 combination of parks where the residents of two or more parks
11 combine to form a single resident organization. The two-thirds of
12 households in the resident organization at the time of funding the
13 park need not be the same households that were residing in the
14 park when the application for assistance was submitted to the
15 department. A household’s membership in the resident organization
16 when the application was submitted to the department shall not be
17 a requirement for that household to receive a loan or assistance
18 under this chapter.

19 (m) “Resident ownership” means, depending on the context,
20 either the ownership by a resident organization of an interest in a
21 mobilehome park that entitles the resident organization to control
22 the operations of the mobilehome park for a term of no less than
23 15 years, or the ownership of individual interests in a mobilehome
24 park, or both.

25 SEC. 2. Section 50782 of the Health and Safety Code is
26 amended to read:

27 50782. (a) The Mobilehome Park Rehabilitation and Park
28 Purchase Fund is hereby created in the State Treasury and,
29 notwithstanding Section 13340 of the Government Code or any
30 other law, is continuously appropriated to the department for the
31 purpose of providing loans pursuant to this chapter and for related
32 administrative costs of the department. Notwithstanding Section
33 16305.7 of the Government Code, any moneys received by the
34 department pursuant to this chapter, and any other sources,
35 repayments, interest, or new appropriations, shall be deposited in
36 the fund. Except as described in subdivision (b), moneys in the
37 fund shall not be subject to transfer to any other fund pursuant to
38 any provision of Part 2 (commencing with Section 16300) of
39 Division 4 of Title 2 of the Government Code, except the Surplus
40 Money Investment Fund. The department may require the transfer

1 of moneys in the fund to the Surplus Money Investment Fund for
2 investment pursuant to Article 4 (commencing with Section 16470)
3 of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government
4 Code. Notwithstanding Section 16305.7 of the Government Code,
5 all interest, dividends, and pecuniary gains from the investments
6 shall accrue to the fund.

7 (b) Notwithstanding any other law, the Controller may use the
8 moneys in the Mobilehome Park Rehabilitation and Park Purchase
9 Fund for loans to the General Fund as provided in Sections 16310
10 and 16381 of the Government Code. However, interest shall be
11 paid on all moneys loaned to the General Fund from the
12 Mobilehome Park Rehabilitation and Park Purchase Fund. Interest
13 payable shall be computed at a rate determined by the Pooled
14 Money Investment Board to be the current earning rate of the fund
15 from which loaned. This subdivision does not authorize any transfer
16 that will interfere with the carrying out of the object for which the
17 fund was created.

18 SEC. 3. Section 50784.5 is added to the Health and Safety
19 Code, to read:

20 50784.5. (a) The department may make loans from the fund
21 ~~to a qualified nonprofit housing sponsor or a local government~~
22 ~~entity to purchase and rehabilitate a mobilehome park without~~
23 ~~converting the park to resident ownership~~ *the owner of a*
24 *mobilehome park for the purpose of rehabilitating park*
25 *infrastructure, including water systems, sewage systems, and*
26 *electrical systems.* The purpose of providing loans pursuant to this
27 section is to bring parks into compliance with all applicable health
28 and safety standards while maintaining the monthly housing costs
29 for low-income residents at an affordable level.

30 (b) All of the following shall apply to loans provided pursuant
31 to this section:

32 (1) Loans shall be for a term of no more than 30 years and shall
33 bear interest at a rate of 3 percent per annum, unless the department
34 finds that a lower interest rate is necessary and will not jeopardize
35 the financial stability of the fund.

36 (2) The department may establish flexible repayment terms if
37 the terms are necessary to reduce the monthly housing costs for
38 low-income residents to an affordable level, and do not represent
39 an unacceptable risk to the security of the fund. ~~Flexible repayment~~

1 ~~terms may include, but are not limited to, graduated payment~~
2 ~~schedules with negative amortization.~~

3 *(3) If the loan recipient changes the use of the park or sells the*
4 *park during the term of the loan, the remaining balance of the loan*
5 *shall be due in full.*

6 ~~(3)~~

7 ~~(4) Loans provided to qualified nonprofit housing sponsors or~~
8 ~~local public entities shall be for the minimum amount necessary~~
9 ~~to bring the park into compliance with all applicable health and~~
10 ~~safety standards and maintain the monthly housing costs of~~
11 ~~low-income residents at an affordable level.~~

12 ~~(4)~~

13 (5) Funds shall not be used to reduce the monthly housing costs
14 for residents who are not of low income, reduce monthly housing
15 costs for low-income residents to less than 30 percent of their
16 monthly income, or facilitate the purchase of a park by a qualified
17 nonprofit corporation from a local public entity that had acquired
18 the park prior to the commitment of the loan from the program.

19 ~~(5)~~

20 (6) Subject to the restrictions of this subdivision, funds may be
21 used to finance the costs of relocating a mobilehome park to a
22 more suitable site within the same jurisdiction if the department
23 determines that the cost of the relocation, including any and all
24 relocation costs to the affected households, is a more prudent
25 expenditure of funds than the costs of needed or repetitive repairs
26 to the existing park. Funds shall not be used to relieve a park owner
27 of any responsibility for covering the costs of mitigating the
28 impacts of a park closure as may be provided for by local ordinance
29 or pursuant to Section 65863.7 or 66427.4 of the Government
30 Code.

31 (c) In determining the eligibility for and amount of loans
32 pursuant to this section, the department shall take into
33 consideration, among other factors, all of the following:

34 (1) The current health and safety conditions in the park and the
35 likelihood that conditions would be remedied without a change in
36 ownership ~~the loan.~~

37 (2) The percentage of spaces in the park that are currently
38 occupied by low-income residents, which in no case shall be less
39 than 30 percent.

1 (3) The reasonableness of the costs relating to the ~~purchase of~~
2 ~~the park~~, repairs, rehabilitation, construction, or other costs.

3 (4) Any administrative and security factors affecting the
4 department's program operation and administration.

5 (5) Whether or not the project complements the implementation
6 of a local housing program to preserve or increase the supply of
7 housing for persons and families of low or moderate income.

8 (6) Whether or not state funds are utilized in the most efficient
9 and effective manner.

10 (7) *The age of the park and the age of the infrastructure that*
11 *will be rehabilitated with the loan proceeds.*

12 (d) Before providing financing pursuant to this section, the
13 department shall require provision of, and approve, at least all of
14 the following:

15 (1) Verification that either no park residents shall be
16 involuntarily displaced as a result of the ~~park purchase~~
17 *infrastructure rehabilitation project* or the impacts of the
18 displacement shall be mitigated as required under state and local
19 law. For purposes of this requirement, compliance with Section
20 66427.5 of the Government Code shall be conclusively presumed
21 to have mitigated economic displacement.

22 (2) Projected costs and sources of funds for all ~~purchase and~~
23 rehabilitation activities.

24 (3) Projected operating budget for the park after the ~~purchase~~
25 *infrastructure rehabilitation project*.

26 (4) A management plan for the operation of the park.

27 SEC. 4. Section 50786 of the Health and Safety Code is
28 amended to read:

29 50786. (a) The department shall adopt regulations for the
30 administration and implementation of this chapter.

31 (b) The department shall obtain the best available security for
32 loans made pursuant to this chapter. The security may include a
33 note, deed of trust, assignment of lease, or other form of security
34 on real or personal property that the department determines is
35 adequate to protect the interests of the state. To the extent
36 applicable, these documents and any regulatory provisions shall
37 be recorded or referenced in a recorded document in the office of
38 the county recorder of the county in which the mobilehome park
39 is located.

(c) The degree of continuing regulatory control with respect to park operations and resident loans exercised by the department in making loans pursuant to this chapter shall be commensurate with the level of financial assistance provided and in all cases shall be adequate to protect the state's security interest and ensure the accomplishment of the purposes of the program authorized by this chapter. The regulatory requirements shall be set forth in a regulatory agreement, deed of trust, or other lien, and any violation of these requirements shall be considered a violation of a security document. If loans are made to a qualifying nonprofit housing sponsor or local public entity, a regulatory agreement shall be recorded against the mobilehome park. This regulatory agreement shall contain provisions limiting occupancy, rents, and park operation for the original loan term. The department may release individual spaces from the regulatory agreement only if they are purchased by residents who occupy them.

(d) Before providing financing for a park conversion pursuant to this chapter, the department shall require provision of, and approve, at least all of the following:

(1) Verification at the time of application and prior to funding that at least two-thirds of the households residing in the mobilehome park support the plans for acquisition and conversion of the park.

(2) Verification that either no park residents shall be involuntarily displaced as a result of the park conversion or the impacts of the displacement shall be mitigated as required under state and local law. For purposes of this requirement, compliance with Section 66427.5 of the Government Code shall be conclusively presumed to have mitigated economic displacement.

(3) Verification that the conversion is consistent with local zoning and land use requirements, other applicable state and local laws, and regulations and ordinances.

(4) Projected costs and sources of funds for all conversion activities.

(5) Projected operating budget for the park during and after the conversion.

(6) A management plan for the conversion and operation of the park.

1 (7) If necessary, a relocation plan for residents not participating
2 that is in compliance with Chapter 16 (commencing with Section
3 7260) of Division 7 of Title 1 of the Government Code.

4 (e) The department shall, to the greatest extent feasible, do all
5 of the following:

6 (1) Require participation by cities and counties in loan
7 applications submitted pursuant to this chapter.

8 (2) Contract with private lenders or local public entities to
9 provide program administration and to service loans made pursuant
10 to this chapter.

11 (3) Give priority to applications for resident-owned parks.

12 (f) The department may provide technical assistance to loan
13 applicants, or may contract with a qualified nonprofit entity to
14 provide that technical assistance, and may include the reasonable
15 costs of the technical assistance as a part of the loan principal.